

# The cost of living in Alaska

## Inflation was steady in 2025, but early 2026 shows big shifts

By SAM TAPPEN

Prices in urban Alaska rose 2.1 percent in 2025, in line with the previous two years' inflation rates. Inflation last year remained below Alaska's six-decade average of 3.3 percent.

National inflation was 2.6 percent. While the state and national rates have typically moved in a similar way, this was the third year in a row that prices rose faster nationally than in Alaska.

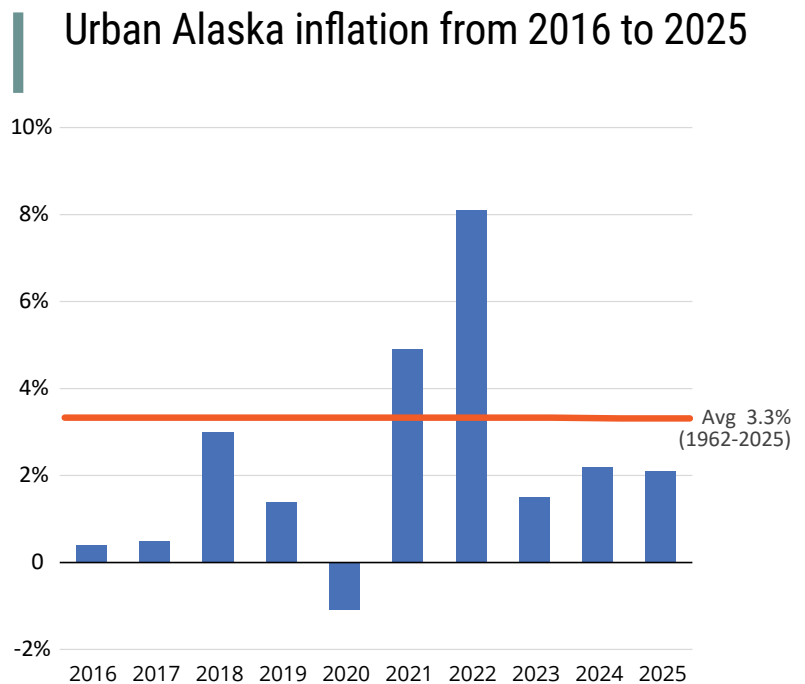
### Tariffs' effects on prices

Early last year, analysts feared that the federal "Liberation Day" tariff hikes on many countries would push national inflation toward 2021 and 2022 levels.

Tariffs effectively levy a tax on all U.S. consumers and businesses that import goods from other countries. Most of those tariffs are eventually passed on to consumers as higher prices, whether they apply to raw materials, intermediate goods, or finished products. Research has shown that higher tariffs on foreign goods typically

also prompt domestic producers to raise their prices after price competition dies down.

As we reported in the June 2025 issue, Alaska imports more than \$3 billion in goods each year, and



Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban Alaska

## What inflation, deflation, and disinflation mean and how they work

**Inflation** is the increase in the general price level over time. The Bureau of Labor Statistics tracks average prices for a "market basket" of goods and services that represent the typical living expenses for urban consumers in a specific area. The annual inflation rate is the percent change in the price of those goods and services from one year to the next.

**Deflation** is a decrease in the general price level over time, and it's a rare occurrence. While prices for some goods and services can and do sometimes fall, the overall price level rarely goes down — if it does, it typically signals severe problems in an economy. Urban Alaska's only year of deflation in its 64-year history was during the initial COVID outbreak in 2020 when many parts of the economy were paused. The U.S. economy hasn't recorded annual deflation since 2009, on the tail of the Great Recession.

**Disinflation** is a decrease or slowdown in the inflation rate. It doesn't mean that prices have gone down; rather, it means prices aren't rising as fast as they were before. A recent example is when Alaska's annual inflation rate declined from 8.1 percent in 2022 to 1.5 percent in 2023. Prices still increased in 2023 as they typically do, but not by nearly as much.

around 60 percent comes from Asia. Some of the highest proposed tariff rates targeted Alaska's largest import partners, including South Korea, Vietnam, and Thailand.

As it turned out, inflation slowed slightly in 2025 in Alaska and nationally. Urban Alaska's inflation rate dipped from 2.2 percent in 2024 to 2.1 percent last year, and nationally it slowed from 2.9 percent to 2.6 percent.

One reason the anticipated tariff-driven high inflation didn't materialize in the yearly consumer price index is that most of the dramatic hikes announced last April weren't in effect for more than a week.

Between implementation delays, country-by-country trade deal negotiations, and legal interventions, average effective tariffs moved up and down repeatedly last year — more than 50 times, according to the Tax Foundation. They were also almost always lower than first announced.

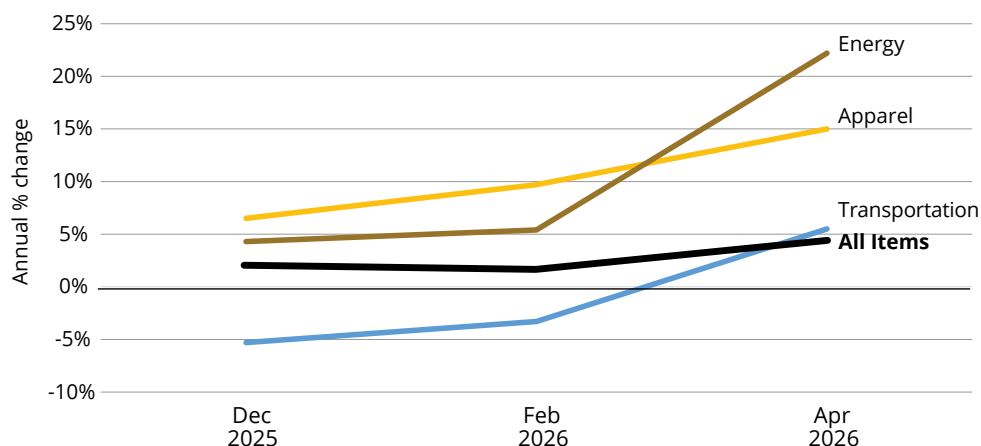
Another factor is that businesses altered their behavior in response to the anticipated increase. U.S. Bureau of Economic Analysis trade data show that international imports of goods in the first quarter of 2025 were 26 percent higher than in the first quarter of the previous year as businesses stockpiled imports under the old tariffs while they could.

Trade flows fell in the subsequent quarters as importers worked through their inventories and delayed major investment decisions amid policy uncertainty.

Similarly, many retailers delayed passing the tariff costs to consumers before the final rates were clear, partly to avoid losing their market share. The increasingly price-conscious national consumer base has also forced retailers to compete harder on price.

The Federal Reserve also monitored and counteracted the tariffs' impacts on the overall price level. The Federal Open Market Committee had planned to ease monetary policy, lowering the cost of borrowing to stimulate the economy, throughout 2025. Instead, they delayed interest rate cuts to prepare

## Some costs jumped in early 2026 with Iran conflict



Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban Alaska

to respond to the tariffs' inflationary pressures.

In the end, the Federal Reserve limited rate cuts in 2025 to three one-quarter-of-a-percentage-point reductions near the end of the year, once the Fed was convinced the risks to the weakening labor market outweighed inflation risks.

While tariffs did not push inflation higher last year, many economists say the price increases were merely delayed by a drop in demand. Despite reductions from the tariffs announced last April, today's rates are still at their highest level in roughly eight decades. If consumer spending patterns recover this year and retailers pass higher costs on to consumers as they replenish their inventories, prices will likely be driven higher.

Early this year, courts ordered the federal government to refund more than \$160 billion in tariffs they ruled were collected unlawfully, but those dollars will go directly to importers. Experts predict companies will use those refunds to bolster their diminished profit margins or save for new tariffs imposed under a different authority rather than pass the savings to consumers by lowering prices.

## With the Iran shock, early 2026 shows a different cost pattern

While we typically focus on yearly inflation in this article, the first few months of 2026 have shown major changes that merit additional discussion. (See the graph at the top of this page.)

On Feb. 28, the United States and Israel began attacking targets within Iran, resulting in retaliatory strikes on energy and other infrastructure throughout the Middle East and the near-complete closure of the Strait of Hormuz.

About one-fifth of the world's oil and liquefied natural gas transits this vital chokepoint each year, and Iran's blockade of international waterways triggered the greatest energy supply shock in modern history.

This disruption caused energy prices to soar, but it also increased price pressure on nearly everything else in the globally integrated and energy-dependent economy.

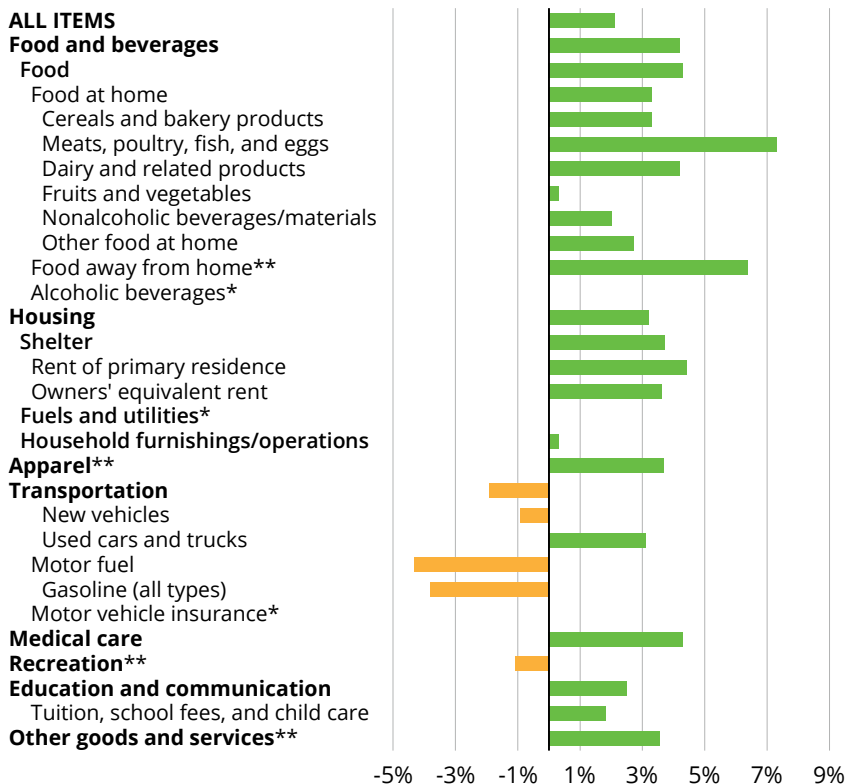
These included products made in industrial plants that rely on hydrocarbon fuel and/or electricity, any item transported a long distance to its market (which includes most of Alaska's consumer goods), products contained or transported in petroleum-based plastic packaging, food made from plants grown with synthetic fertilizers or from animals fed by those crops, and many toiletries, cleaning supplies, and personal items with petrochemicals in their ingredient list.

While the exhibit on the previous page shows a few of the categories that spiked in the latest bimonthly report for Urban Alaska, most categories increased at least somewhat.

While bimonthly rates are more prone to fluctuation, the pattern of rising inflation in that chart is easy to see. By April, the top line "all items" rate had accelerated to 4.3 percent — more than double the average annual inflation rate in 2025. That was Alaska's highest rate in just over three years.

After the Iran conflict began, rates rose in six of the eight major categories in Alaska. The highest April rates were in apparel and transportation, which reached 15.0 percent and 5.0 percent, respectively. Higher inflation for clothing is likely the result of energy inflation and new tariffs, as most of the state's apparel is imported from overseas. Transportation

## Urban Alaska inflation by category in 2025



\*Categories weren't reported for 2025. \*\*Annual average not provided by BLS. Estimated values calculated using simple average of all 2025 bimonthly index values provided.

Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban Alaska

inflation was driven by motor fuel prices, which jumped 33.1 percent from the previous April.

The BLS also publishes a separate energy index that covers household and consumer energy commodities and services across all categories. Relative to the same month in 2025, inflation for this index in Alaska rose from 5.4 percent in February to 22.2 percent in April.

The higher prices that came from the global energy supply shock are unlikely to return quickly to last year's levels when a durable cessation to the conflict has been negotiated. Energy supply and transportation capacity in the Middle East have been severely damaged, and global stockpiles of oil and petroleum products were drawn down to historical lows during the blockade.

Even if an agreement effectively ends hostilities in that region, experts warn it may take years for energy producers and manufacturers to make repairs and restore their output to past levels.

# The two main ways to measure the cost of living

## 1. In one area over time (inflation)

The Consumer Price Index for Urban Alaska is the state's only official measure of inflation: how prices change over time. Alaska's CPI tracks changes in the price level of a "market basket" of goods and services for the average consumer through surveys of consumer expenditure patterns and prices collected in Anchorage and the Matanuska-Susitna Borough.

The inflation rate, or price change between two periods, is calculated as the percent change in the index.

While the U.S. Bureau of Labor Statistics publishes CPIs for many cities, they can't be used to compare costs between areas because each is indexed to prices at a specific time in a given place. The index values only show how much prices have risen there since a base period, which is set at 100.

## 2. Between areas at the same time

Another way to assess the cost of living is to compare costs between two or more places at a given time. When prices are indexed to a base area rather than a time, the resulting index allows comparisons across areas, although not over time.

These types of indexes are often called price differentials, and differences between places are calculated as the percent difference between their index values.

Although inflation has a single data source in Alaska, multiple other data sets are available that compare costs across areas. Many only cover some parts of the state, and each source comes with its own methods, so it is important to consider each data set's strengths and weaknesses and look for patterns across multiple sources.

## A closer look at inflation in 2025

### Costs rose in most categories, but transportation fuel dropped

While Alaska's overall price level in 2025 grew at a rate almost identical to the year before, individual price categories moved in different ways. (See the exhibit on the previous page.)

Of the consumer price index's eight major expenditure categories, prices rose in six. While most of the items in the consumer basket became more expensive, they were offset somewhat by falling transportation fuel prices. Transportation is the second heaviest-weighted category behind housing, meaning it was the second largest expenditure for most households.

Food and beverage inflation was nearly twice as high as inflation overall, at 4.2 percent. Food at home specifically, which is mostly groceries, rose slightly slower at 3.3 percent.

Tariffs appear to have pushed up food prices in 2025. The Trump administration addressed that reality in November with an executive order that exempted hundreds of agricultural products, including beef, coffee, bananas, and others made from plants not native to the U.S.

Costs of food away from home, mainly in restaurants, rose faster than groceries again in 2025.

Restaurant prices increased more than three times faster than prices overall, at 6.4 percent, reflecting both tariff pressure and mounting labor costs.

Housing costs rose 3.2 percent, similar to the previous year. While "shelter," which represents rent and equivalent expenses for homeowners, rose 3.7 percent, prices for household furnishings and operations remained almost flat.

Clothing prices increased 3.7 percent last year. Apparel is another category heavily impacted by tariffs, as nearly all clothes in U.S. stores are imported.

While transportation costs dropped by 1.9 percent overall last year, the prices for used cars and trucks went up 3.1 percent. New vehicles cost 0.9 percent less. The biggest price drop was for fuel, which fell 4.3 percent as global crude oil prices weakened. (See the next section for more on fuel price increases in 2026.)

Health care costs jumped 4.3 percent. Medical care inflation has exceeded 2.4 percent in all of the last eight years. It is also the only major category that has never shown annual price decreases in the 50 years it has been tracked in Alaska.

Recreation, which covers an array of electronics, pet products, and sporting goods, was the other major category with lower prices in 2025 (-1.1 percent).

Education and communication, which includes educational supplies and tuition for preschool

through college as well as telecommunications, was priced 2.5 percent higher in 2025.

Prices for other goods and services, a category that encompasses various unrelated items and services such as tobacco products, infant car seats, and funeral expenses, went up by 3.6 percent last year. Inflation in this category slowed considerably in 2025 after exceeding 6 percent in each of the three years prior.

## Affordability has improved recently

While prices in most categories have continued to rise every year since the anomalous deflation in 2020, inflation tells just half the story for consumers. Whether income growth has kept up over those years provides a more complete picture of how much urban Alaskans have maintained their spending power.

Overall, the typical Alaska household has gotten ahead with additional discretionary income for three straight years.

Over the last five, growth in per capita personal income has been strong and consistent, with robust wage increases and meaningful payouts on the tail end of several COVID-19 economic relief programs. Income growth rates from 2021 to 2025 ranged from 4.7 percent to 6.3 percent per year in Alaska.

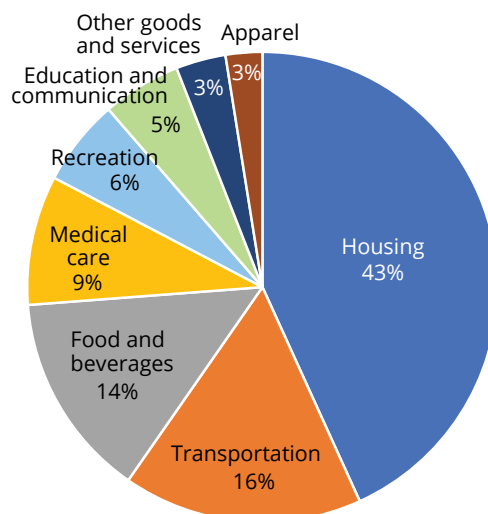
In the last three years, as income rose faster than overall costs, nearly every category became more affordable for the average urban Alaskan. The only exceptions were prices for "other goods and services," which jumped 12.4 percent in 2023 and 10.7 percent in 2024, and medical care, which increased 7.8 percent in 2024.

In 2025, however, all major expenditure categories became more affordable.

## How households spent their money in 2024

Each year, the BLS collects data on how consumers allocate their spending among the eight categories.

## Where urban Alaskans spent their money in 2024



Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban Alaska

Those proportions are used to weight prices for the following year's consumer price index. The pie chart on this page shows how urban Alaskans spent their money in 2024.

Nearly half went to housing (43 percent), with large portions also spent on transportation (16 percent), food and beverages (14 percent), and medical care (9 percent). The remaining 17 percent went to education and communication, recreation, other goods and services, and apparel.

In 2024, the distribution for consumers in the average U.S. city was almost identical to urban Alaska. Alaskans spent slightly more proportionally on recreation, medical care, and other goods and services. Alaskans also allocated about 2.5 percent less of their spending to services and spent it on goods (called "commodities" in the data).

Sam Tappen is an economist in Anchorage. Reach him at (907) 269-4861 or [sam.tappen@alaska.gov](mailto:sam.tappen@alaska.gov).



# Cost differentials allow comparisons around the state

By SAM TAPPEN

The consumer price indexes discussed in the first article are the best measure of price changes over time in an area, but they can't be used to compare the cost of living in one place with another. (See the sidebar on page 7 for more on the two ways we measure the cost of living.)

While consumer price indexes measure costs over time, *cost differentials* are designed to compare costs between areas at a single point in time. They typically compare each surveyed area to a sample average, allowing area costs to be ranked and presented as percentage differences from the average.

The most comprehensive and consistently produced source, which includes some Alaska cities, is COLI, the cost-of-living index published by the Council for Community and Economic Research, or C2ER. While other differentials focus on certain cost categories, only COLI captures a full range of household expenditures, including individual items.

C2ER uses volunteer-collected prices for 57 items and services in hundreds of cities across the country. Prices are indexed for six categories: groceries, housing, utilities, transportation, health care, and miscellaneous.

Using BLS expenditure patterns, C2ER assigns weights to each category that are fixed for all cities. In most cases, prices exclude taxes.

This index focuses on expenses for professional and managerial households with income in the top 20 percent nationwide. This is why the weights, or the percentages that households spend on each category, differ between this index and the Urban Alaska Consumer Price Index.

Because the samples vary across releases, the COLI can't be accurately compared across time or used to measure inflation.

## Alaska cities' costs are high in nearly every category

The 2025 release covers 257 cities or metropolitan areas, including Anchorage, Fairbanks, and Juneau. All three ranked among the 25 most expensive cities overall and among the five most expensive in

multiple categories. Alaska cities were also among the five highest-cost cities for health care and groceries. Only Honolulu's grocery prices were higher than Alaska's. (See the table on the next page.)

Overall, Alaska cities' costs were about 27 percent higher than the U.S. city survey average.

Despite Alaska's high rankings, its costs were far lower than the cities that topped the list. Costs in New York City's most expensive boroughs, Honolulu, and California's most expensive cities averaged 52 percent to 139 percent higher than the survey average. Large urban and commercial hubs on the coasts dominated the remaining top positions in the index.

Juneau ranked highest for Alaska, with costs 32 percent above the survey average. This was driven by Juneau having the second-highest grocery prices (28 percent more), the second-highest miscellaneous costs (+27 percent), and the fourth-highest health care costs (+40 percent).

Juneau also had the highest housing costs among the Alaska cities (38 percent above the survey average), but it wasn't even close to the highest-cost cities for housing, which came in two, three, or even five times the survey average.

Anchorage ranked second for Alaska at 26 percent above the survey average, with the third-highest grocery and health care costs, at +24 percent and +43 percent, respectively.

Fairbanks was third at 23 percent above average, but its utility costs were more than double (113 percent higher). Fairbanks also had the fourth-highest grocery prices (+23 percent) and the fifth-highest health care costs (+35 percent). Fairbanks' relatively low housing costs, which were 1 percent below the survey average and ranked 74th, somewhat offset these other costs.

## Military 'overseas' index ranks smaller Alaska communities

No similar survey includes the state's smaller communities, but a military stipend program that covers the extra costs of living in Alaska and overseas provides a useful cost differential for multiple rural and urban locations. (See the table on the next page.)

Text continues on page 11

# How costs for upper-income households compared by city in 2025

|                                  | Total | Groceries | Housing | Utilities | Transp | Health | Misc  |
|----------------------------------|-------|-----------|---------|-----------|--------|--------|-------|
| Category's weight in total index | 100%  | 15%       | 28%     | 8%        | 9%     | 5%     | 35%   |
| Survey average of 257 cities     | 100.0 | 100.0     | 100.0   | 100.0     | 100.0  | 100.0  | 100.0 |
| <b>West</b>                      |       |           |         |           |        |        |       |
| San Jose CA                      | 184.1 | 110.3     | 330.4   | 143.4     | 137.0  | 107.3  | 121.6 |
| Honolulu HI                      | 183.9 | 131.4     | 299.0   | 194.1     | 141.5  | 127.8  | 122.5 |
| Orange County CA                 | 163.8 | 108.3     | 275.0   | 122.4     | 138.6  | 93.6   | 117.7 |
| San Francisco CA                 | 163.7 | 115.4     | 254.0   | 150.1     | 141.8  | 124.3  | 120.6 |
| San Diego CA                     | 147.4 | 112.3     | 209.5   | 149.3     | 143.1  | 99.6   | 116.0 |
| Seattle WA                       | 144.6 | 110.9     | 203.6   | 100.6     | 134.8  | 120.2  | 124.8 |
| Juneau AK                        | 131.7 | 128.4     | 138.0   | 144.3     | 120.0  | 139.5  | 126.5 |
| Anchorage AK                     | 125.5 | 123.7     | 133.5   | 111.8     | 118.8  | 142.7  | 122.0 |
| Lake Havasu City AZ              | 124.5 | 99.9      | 173.7   | 117.2     | 94.4   | 88.8   | 106.8 |
| Sacramento CA                    | 123.8 | 104.9     | 137.5   | 164.1     | 134.5  | 106.3  | 109.8 |
| Fairbanks AK                     | 122.9 | 123.0     | 99.4    | 213.4     | 121.7  | 135.4  | 119.3 |
| Bellingham WA                    | 122.7 | 106.6     | 138.7   | 106.0     | 121.8  | 105.1  | 122.8 |
| Portland OR                      | 116.3 | 107.8     | 135.8   | 98.1      | 126.2  | 117.9  | 104.6 |
| Denver CO                        | 110.0 | 101.9     | 120.2   | 87.3      | 98.8   | 119.1  | 112.1 |
| Phoenix AZ                       | 105.3 | 102.6     | 112.3   | 106.4     | 109.2  | 95.8   | 100.5 |
| Salt Lake City UT                | 104.9 | 97.5      | 120.2   | 85.0      | 106.3  | 93.2   | 101.2 |
| Boise ID                         | 103.2 | 102.5     | 105.4   | 73.0      | 107.2  | 105.0  | 108.0 |
| Billings MT                      | 97.1  | 103.1     | 92.8    | 81.8      | 105.2  | 111.2  | 97.9  |
| Albuquerque NM                   | 96.8  | 97.7      | 90.5    | 84.8      | 94.4   | 108.0  | 104.0 |
| Las Vegas NV                     | 95.6  | 102.9     | 102.7   | 92.5      | 113.3  | 87.7   | 83.5  |
| Laramie WY                       | 92.9  | 98.0      | 82.2    | 96.1      | 90.0   | 92.6   | 100.0 |
| <b>Northeast</b>                 |       |           |         |           |        |        |       |
| New York (Manhattan) NY          | 239.0 | 116.1     | 511.3   | 117.7     | 119.2  | 143.3  | 129.6 |
| New York (Brooklyn) NY           | 164.0 | 115.1     | 281.3   | 117.7     | 110.6  | 127.9  | 113.2 |
| Boston MA                        | 148.5 | 102.7     | 221.0   | 154.8     | 105.2  | 134.2  | 116.8 |
| Stamford CT                      | 131.3 | 104.6     | 172.5   | 133.3     | 105.2  | 118.7  | 115.0 |
| Portland ME                      | 114.0 | 101.0     | 135.7   | 118.9     | 103.6  | 115.3  | 102.0 |
| Newark-Elizabeth NJ              | 113.9 | 103.8     | 135.2   | 104.0     | 103.4  | 108.9  | 105.5 |
| Philadelphia PA                  | 107.2 | 104.2     | 108.1   | 109.6     | 104.6  | 104.5  | 108.3 |
| Buffalo NY                       | 97.6  | 97.2      | 99.5    | 92.0      | 103.7  | 89.5   | 97.0  |
| Wilkes-Barre PA                  | 87.1  | 97.8      | 58.2    | 103.8     | 106.6  | 105.8  | 95.8  |
| <b>South</b>                     |       |           |         |           |        |        |       |
| Washington DC                    | 137.8 | 104.8     | 204.7   | 103.3     | 105.2  | 120.7  | 113.1 |
| Miami-Dade County FL             | 120.1 | 108.8     | 157.2   | 103.7     | 100.0  | 82.4   | 107.2 |
| Winchester VA-WV                 | 105.4 | 96.2      | 93.8    | 98.9      | 96.0   | 149.4  | 117.6 |
| San Juan-Bayamón-Caguas PR       | 102.1 | 109.7     | 99.1    | 163.9     | 95.8   | 71.4   | 91.7  |
| Baltimore MD                     | 100.3 | 102.2     | 87.1    | 118.0     | 100.5  | 94.2   | 107.3 |
| Dallas TX                        | 98.5  | 98.2      | 89.2    | 113.3     | 88.9   | 101.6  | 105.1 |
| Atlanta GA                       | 94.7  | 101.3     | 83.2    | 102.5     | 104.3  | 98.4   | 96.8  |
| Houston TX                       | 93.0  | 97.7      | 79.8    | 91.6      | 96.0   | 96.3   | 101.6 |
| Lake Charles LA                  | 87.4  | 95.8      | 69.4    | 70.9      | 102.1  | 102.5  | 97.7  |
| Harlingen TX                     | 79.8  | 92.4      | 63.7    | 123.9     | 84.4   | 80.6   | 75.9  |
| Tupelo MS                        | 78.9  | 93.7      | 62.2    | 83.3      | 88.4   | 79.5   | 83.2  |
| <b>Midwest</b>                   |       |           |         |           |        |        |       |
| Chicago IL                       | 117.6 | 103.5     | 143.7   | 94.8      | 104.7  | 115.9  | 110.4 |
| Detroit MI                       | 100.6 | 101.2     | 99.2    | 99.3      | 105.3  | 104.1  | 100.3 |
| Columbus OH                      | 93.0  | 100.9     | 93.1    | 100.2     | 92.4   | 80.8   | 89.6  |
| Minneapolis MN                   | 92.0  | 101.5     | 80.4    | 95.7      | 96.5   | 91.0   | 96.1  |
| Minot ND                         | 89.9  | 91.4      | 73.9    | 83.1      | 102.6  | 110.8  | 98.7  |
| Joplin MO                        | 83.4  | 93.6      | 61.3    | 100.1     | 78.7   | 96.1   | 93.5  |
| Decatur IL                       | 80.0  | 98.4      | 50.3    | 105.3     | 95.5   | 81.7   | 87.2  |

**Notes:** Based on professional households with earnings in the top U.S. quintile. Miscellaneous goods and services include entertainment, apparel, personal care, and fast food.

**Source:** The Council for Community and Economic Research, Cost of Living Index 2025

The U.S. Department of Defense maintains the Overseas Cost-of-Living Allowance for all duty stations outside of the contiguous United States. Service members receive a separate housing allowance, so the Overseas COLA excludes housing.

This index is based on two different annual surveys. One, conducted by a private contractor, provides local prices for about 150 goods and services in a representative market basket. The other is conducted by service members at each location to establish an average spending allocation among these goods and services, and where they're typically purchased. These sources can include local and online stores or goods brought from the Lower 48. Many duty stations also have commissaries and exchanges, where prices tend to be lower. In Alaska, such facilities are available near Anchorage, Fairbanks, North Pole, Ketchikan, Kodiak, and Delta Junction.

The index uses BLS expenditure patterns to set the standard of living for a military household with a typical number of dependents at each location. The fixed standard of living differs from the C2ER's index mentioned previously and other cost differentials, so it also can't be directly compared.

The table on the right lists 2026 index values for 23 Alaska communities, some near large military installations and others near remote Coast Guard bases and Space Force radar sites. The cost for an average city in the contiguous states is set at 100 for comparison.

Alaska's most affordable communities in the Overseas COLA were Anchorage (including Eagle River) and Wasilla, with nonhousing costs 28 percent higher than the Lower 48 average. Juneau and Fairbanks were also relatively affordable at 36 and 32 percent above average, respectively. Bethel and Cordova were 48 percent higher.

Service members living in places not listed in the index are compensated for 40 percent higher-than-average costs.

## Fuel costs highest in small Alaska places that are hard to reach

Alaska households dedicate a significant share of their spending to fuel. Fuel is also covered in some of the indexes discussed above, categorized under housing, utilities, or transportation.

The U.S. Census Bureau's American Community Survey shows that in 2024, 47 percent of U.S. households heated their homes primarily with piped utility gas.

## How the military ranked Alaska towns' costs\* in May 2026

| City                                   | Index value |
|----------------------------------------|-------------|
| U.S. contiguous state average          | 100         |
| Bethel                                 | 148         |
| Cordova                                | 148         |
| Seward                                 | 144         |
| Barrow                                 | 140         |
| Homer (incl Anchor Point)              | 140         |
| Kenai (Incl Soldotna)                  | 140         |
| King Salmon (Incl Bristol Bay Borough) | 140         |
| Nome                                   | 140         |
| Petersburg                             | 140         |
| Wainwright                             | 140         |
| Other Alaska                           | 140         |
| Sitka-Mt. Edgecumbe                    | 138         |
| Valdez                                 | 138         |
| Juneau                                 | 136         |
| Clear AFS                              | 134         |
| Delta Junction (Incl Ft. Greely)       | 134         |
| Ketchikan                              | 134         |
| Kodiak                                 | 134         |
| Tok                                    | 134         |
| Eielson AFB                            | 132         |
| Fairbanks                              | 132         |
| Unalaska                               | 132         |
| Anchorage (Incl Eagle River)           | 128         |
| Wasilla                                | 128         |

\*Excludes housing

Source: U.S. Department of Defense, Overseas Cost of Living Allowance tables

It's about 48 percent in Alaska, but only in the few areas where the infrastructure to distribute natural gas exists. Those are currently in Southcentral in the Enstar service area ranging from Willow to Homer, Utqiagvik and Nuiqsut in the North Slope Borough, and the mostly densely developed areas of the Fairbanks North Star Borough.

The real difference between U.S. and Alaska households shows up in the places not served by utility gas. Nationally, another 42 percent use electricity for space heating. In Alaska, only 15 percent do, and mostly in communities with moderate climates and access to low-cost hydroelectric or other renewable power, such as parts of the Southeast panhandle.

Homes without utility gas or electric power use mostly heating oil, at 28 percent in Alaska compared to just 4 percent nationally. This energy-dense, easily transportable fuel is the only viable home heating option for hundreds of remote communities across the state.

Gasoline is also a critical fuel source. Even roadless

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# Gasoline and heating oil prices in Alaska and select U.S. cities, January 2026

| Place            | Gas/gal | Heat oil/gal |
|------------------|---------|--------------|
| Alatna           | \$11.50 | \$8.50       |
| Hughes           | \$11.50 | \$13.00      |
| Saint George     | \$10.49 | \$9.99       |
| Galena           | \$10.29 | \$8.61       |
| Arctic Village   | \$10.00 | \$15.00      |
| New Stuyahok     | \$10.00 | \$10.15      |
| Anaktuvuk Pass*  | \$9.97  | \$1.50       |
| Kokhanok         | \$9.50  | \$10.00      |
| Scammon Bay      | \$9.38  | \$9.38       |
| Sleetmute        | \$9.33  | \$8.79       |
| Grayling         | \$9.00  | \$8.50       |
| Pilot Station    | \$8.90  | \$9.07       |
| Atkasuk*         | \$8.80  | \$1.50       |
| Holy Cross       | \$8.75  | \$8.50       |
| Mountain Village | \$8.71  | \$8.58       |
| Kotlik           | \$8.52  | \$8.14       |
| Hooper Bay       | \$8.44  | \$9.70       |
| Emmonak          | \$8.29  | \$8.54       |
| Marshall         | \$8.11  | \$8.11       |
| Kotzebue         | \$8.00  | \$8.26       |
| Upper Kalskag    | \$8.00  | \$8.00       |
| Saint Michael    | \$7.97  | \$8.02       |
| Stebbins         | \$7.97  | \$7.73       |
| Nunapitchuk      | \$7.96  | \$7.27       |
| McGrath          | \$7.95  | \$7.80       |
| Tuntutuliak      | \$7.85  | \$7.72       |
| Nuiqsut*         | \$7.70  | \$1.50       |
| Point Hope*      | \$7.60  | \$1.74       |
| Chenega          | \$7.58  | \$7.74       |
| Togiak           | \$7.56  | \$7.46       |
| Anvik            | \$7.50  | \$7.00       |
| Kaktovik*        | \$7.50  | \$2.50       |
| Russian Mission  | \$7.50  | \$7.00       |
| Kiana            | \$7.47  | \$8.24       |
| Nondalton        | \$7.37  | \$7.75       |
| Akiak            | \$7.24  | \$7.06       |
| Goodnews Bay     | \$7.20  | \$6.48       |
| Quinhagak        | \$7.16  | \$7.14       |
| Atmautluak       | \$7.13  | \$7.00       |
| Teller           | \$7.11  | \$7.62       |
| Huslia           | \$7.00  | \$6.25       |
| Ruby             | \$7.00  | \$6.50       |
| Wainwright*      | \$6.96  | \$1.75       |
| Toksook Bay      | \$6.95  | \$6.45       |
| Gambell          | \$6.90  | \$6.75       |
| Utqiagvik*       | \$6.90  | NA           |
| Wales            | \$6.89  | \$6.44       |
| Noorvik          | \$6.86  | \$6.18       |
| Atka             | \$6.75  | \$7.50       |
| Tanana           | \$6.75  | \$5.50       |
| Bethel           | \$6.71  | \$6.89       |
| Savoonga         | \$6.70  | \$6.70       |
| Kaltag           | \$6.60  | \$6.00       |
| Nulato           | \$6.60  | \$5.65       |
| Akutan           | \$6.50  | \$3.44       |
| Nelson Lagoon    | \$6.45  | \$6.60       |
| Shishmaref       | \$6.44  | \$6.58       |
| Deering          | \$6.28  | \$5.92       |
| Dillingham       | \$6.19  | \$5.86       |
| Seldovia         | \$6.11  | \$6.09       |
| Larsen Bay       | \$6.10  | \$6.17       |
| Clark's Point    | \$6.00  | \$6.50       |
| Eagle            | \$6.00  | \$5.50       |
| Hoonah           | \$5.83  | \$5.30       |

| Place                                        | Gasoline/gal  | Heat oil/gal  |
|----------------------------------------------|---------------|---------------|
| Brevig Mission                               | \$5.78        | \$5.48        |
| Circle                                       | \$5.75        | \$4.60        |
| Unalakleet                                   | \$5.74        | \$5.92        |
| Golovin                                      | \$5.70        | \$5.60        |
| Koyuk                                        | \$5.67        | \$6.18        |
| Pelican                                      | \$5.64        | \$5.03        |
| Angoon                                       | \$5.48        | \$6.20        |
| Minto                                        | \$5.45        | \$6.85        |
| Old Harbor                                   | \$5.40        | \$5.22        |
| Kake                                         | \$5.29        | \$4.73        |
| White Mountain                               | \$5.16        | \$5.03        |
| Ouzinkie                                     | \$5.00        | \$4.42        |
| Gustavus                                     | \$4.99        | \$4.60        |
| Edna Bay                                     | \$4.88        | \$4.73        |
| Unalaska                                     | \$4.74        | \$4.47        |
| Port Lions                                   | \$4.63        | \$4.88        |
| Cordova                                      | \$4.60        | \$4.36        |
| Sand Point                                   | \$4.60        | \$4.16        |
| San Diego-Carlsbad, CA                       | \$4.51        | NA            |
| Chignik                                      | \$4.44        | \$4.45        |
| Urban Hawaii                                 | \$4.44        | NA            |
| Los Angeles-Long Beach-Anaheim, CA           | \$4.43        | NA            |
| Kodiak                                       | \$4.40        | \$4.32        |
| Chitina                                      | \$4.36        | \$3.83        |
| San Francisco-Oakland-Hayward, CA            | \$4.33        | NA            |
| Riverside-San Bernardino-Ontario, CA         | \$4.24        | NA            |
| King Cove                                    | \$4.21        | \$5.04        |
| Seattle-Tacoma-Bellevue WA                   | \$4.20        | NA            |
| Wrangell                                     | \$4.12        | \$4.69        |
| Craig                                        | \$4.05        | \$4.60        |
| Thorne Bay                                   | \$4.05        | \$4.75        |
| Petersburg                                   | \$4.00        | \$4.64        |
| Valdez                                       | \$3.94        | \$4.31        |
| Delta Junction                               | \$3.84        | \$4.19        |
| Homer                                        | \$3.80        | \$3.85        |
| Glennallen                                   | \$3.72        | \$3.83        |
| <b>Urban Alaska</b>                          | <b>\$3.66</b> | <b>NA</b>     |
| Juneau                                       | \$3.65        | \$4.67        |
| Healy                                        | \$3.36        | \$3.86        |
| Fairbanks                                    | \$3.34        | \$4.05        |
| Phoenix-Mesa-Scottsdale, AZ                  | \$3.20        | NA            |
| Boston-Cambridge-Newton, MA-NH               | \$3.12        | NA            |
| <b>U.S. average</b>                          | <b>\$3.10</b> | <b>\$3.58</b> |
| Chicago-Naperville-Elgin, IL-IN-WI           | \$3.10        | NA            |
| New York-Newark-Jersey City, NY-NJ-PA        | \$3.08        | NA            |
| Anderson                                     | \$3.06        | \$3.66        |
| Nenana                                       | \$3.06        | \$3.59        |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | \$3.05        | NA            |
| Philadelphia-Camden-Wilmington, PA-NJ-DE-MD  | \$3.04        | NA            |
| Baltimore-Columbia-Towson, MD                | \$3.02        | NA            |
| Miami-Fort Lauderdale-West Palm Beach, FL    | \$2.98        | NA            |
| Tampa-St. Petersburg-Clearwater, FL          | \$2.93        | NA            |
| Detroit-Warren-Dearborn, MI                  | \$2.93        | NA            |
| Minneapolis-St. Paul-Bloomington, MN-WI      | \$2.86        | NA            |
| Atlanta-Sandy Springs-Roswell, GA            | \$2.81        | NA            |
| St. Louis, MO-IL                             | \$2.75        | NA            |
| Dallas-Fort Worth-Arlington, TX              | \$2.52        | NA            |
| Houston-The Woodlands-Sugar Land, TX         | \$2.49        | NA            |
| Denver-Aurora-Lakewood, CO                   | \$2.48        | NA            |

\*North Slope communities' residential heating oil costs are subsidized by the borough. Residential heating oil is not sold in Utqiagvik, where homes are heated with natural gas.

**Sources:** Alaska Department of Commerce, Community, and Economic Development; and U.S. Bureau of Labor Statistics

rural communities throughout Alaska use gas to power ATVs, boats, and snowmachines. Many remote cabins and fish camps located outside an electric utility service area use gas-fired generators.

Alaska has the lowest gasoline taxes in the country, but other factors raise retail fuel prices in some communities to among the highest in the nation. Despite being the fifth-largest crude oil producer among states, Alaska refines relatively little distillate fuel for household consumers. Alaska's fuel distributors regularly receive barge shipments of gasoline and heating fuel from refineries along the West Coast, Canada, and several Asian countries.

The greatest and most variable cost additions, however, are associated with the last leg of transportation to hundreds of scattered communities.

The table on the previous page lists the per-gallon prices of gasoline and heating fuel for select communities in January 2026, before the supply shock that started in March. Prices are from the Alaska Department of Commerce, Community, and Economic Development's semiannual Fuel Price Survey. For comparison, the table includes the U.S. average price for both fuels from the BLS consumer price index, and prices in select U.S. metro areas. Areas are sorted by retail gasoline prices.

In general, communities on Alaska's limited highway system, especially those near major fuel distribution hubs, have the lowest prices. Fairbanks, Anchorage/Mat-Su, Homer, and several places between them paid less than \$4.00 per gallon for gasoline in January.

Gasoline prices in coastal communities that can receive fuel barge deliveries year-round ranged from about \$4.00 to \$5.50 per gallon; these included

Petersburg, Craig, Wrangell, King Cove, Kodiak, Sand Point, and Unalaska.

Generally, ice-free places such as Southeast had cheaper fuel than Southwest because of their proximity to major refineries in the Pacific Northwest.

Communities on major rivers or the northern coast that can only receive barge deliveries about half the year were significantly higher. These included Unalakleet, Eagle, Bethel, Tanana, Wainwright, and Russian Mission.

Prices were among the highest in villages in the North Slope Borough, some of which can only receive winter deliveries by ice road. However, the borough heavily subsidizes residential heating fuel.

Other communities with the highest fuel costs, such as Anaktuvuk Pass, Arctic Village, and Alatna, can only receive fuel by plane and in limited quantities. These most expensive communities paid about three times the Southcentral average for gasoline.

In addition to distance and delivery method, quantity is a major factor in community pricing. Communities that purchase shipments in smaller quantities pay higher fixed costs for each gallon of fuel.

To reduce the number of annual shipments, many communities have expanded their bulk fuel storage capacity. Similarly, some places have developed cooperative fuel purchase agreements to consolidate deliveries for all major users in an area, potentially including fuel retailers, utilities, schools, and commercial/industrial customers.

Sam Tappen is an economist in Anchorage. Reach him at (907) 269-4861 or [sam.tappen@alaska.gov](mailto:sam.tappen@alaska.gov).